

BIDV (BID)

Asset quality under strain

August 28, 2025

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2Q2025 PBT expanded by 5.7% YoY to VND8,626 billion

In 2Q2025, BID reported NII of VND14,992 billion, up just 1.0% YoY due to a sharp decline in NIM, while credit grew 6.1% YTD. Credit cost stood at a moderate 0.28%, with provision expenses of VND6,098 billion (+33.2% QoQ, +13.8% YoY), resulting in PBT of VND8,626 billion (+5.6% YoY).

Credit growth is projected at 16% for the whole year

We maintain our 2025 credit growth forecast of 16% for BID, based on: (1) robust credit demand amid the government's GDP growth target of over 8%; (2) growth drivers from the private sector, accelerated public investment, and a recovery in the real estate sector; (3) a strong competitive advantage from the second-lowest average lending rate in the industry.

NIM will remain under pressure in the second half of the year

KBSV expects NIM to remain under pressure in 2H2025 due to potential increases in deposit costs amid liquidity constraints and USD/VND exchange rate pressures. Meanwhile, lending rates are projected to improve slightly but remain relatively low to support credit growth.

The NPL ratio remains high, at 1.98% by end-June, adding to provisioning pressure in 2H2025

Asset quality deteriorated in 1H2025 with the NPL ratio rising 57bps YTD to 1.98%, while the loan loss coverage ratio (LLCR) fell to 89%, leaving limited buffer in provisions to absorb potential bad-debt write-offs in 2H2025.

We downgrade BID to NEUTRAL with a target price of VND48,100/share

Taking into account valuation results, business outlook, and potential risks, we downgrade BID to NEUTRAL with a 2025 target price of VND48,100/share, representing a 12.4% upside compared to the closing price on August 27, 2025.

Neutral change

Target price	VND48,100
Upside	12.4%
Current price (Aug 28, 2025)	VND42,800
Consensus target price	VND45,000
Market cap (VNDtn/USDbn)	301.9/11.5

Forecast earnings & valuation

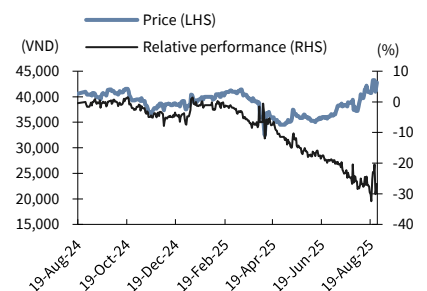
FY-end	2023	2024	2025F	2026F
Net interest income (VNDbn)	56,136	58,008	62,924	76,785
PPOP (VNDbn)	47,932	53,094	56,001	68,610
NPAT-MI (VNDbn)	21,505	25,140	25,950	28,022
EPS (VND)	3,773	3,645	3,696	3,991
EPS growth (%)	5	(3)	1	8
PER (x)	11.3	11.7	11.6	10.7
BVPS	21,554	21,009	25,019	29,010
PBR (x)	2.0	2.0	1.7	1.5
ROE (%)	19.4	19.1	16.5	15.1
Dividend yield (%)	0.0	0.0	0.0	0.0

Trading data

Free float	20.4%
3M avg trading value (VNDbn/USDmn)	309.2/11.8
Foreign ownership	17.4%
Major shareholder	State Bank of Vietnam (SBV, 80.99%)

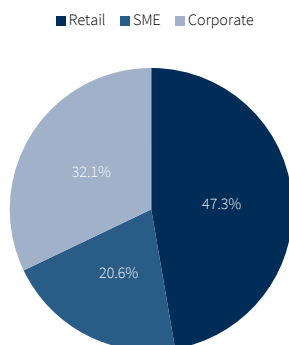
Share price performance

(%)	1M	3M	6M	12M
Absolute	8.6	17.3	4.5	4.4
Relative	1.2	-7.4	-23.6	-26.1



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



Source: Bank for Investment & Development, KB Securities Vietnam

Business operation

Bank for Investment and Development of Vietnam (BID) is one of four state-owned joint stock commercial banks, with total assets of VND2,760,693 billion as of end-2024 – the largest in the sector. The retail segment accounted for the biggest share of BID's loan portfolio, at 47.3%.

Investment Catalysts

Credit growth is projected at 16% for the whole year of 2025, supported by a recovering real estate market, accelerated public investment, and low lending rates.

NIM will remain under pressure in 2H2025 amid potential increases in deposit rates, while lending rates are likely to stay low to maintain competitiveness and support economic growth.

Deteriorating loan quality will heighten provisioning pressure in 2H2025.

Notes

Please find more details below

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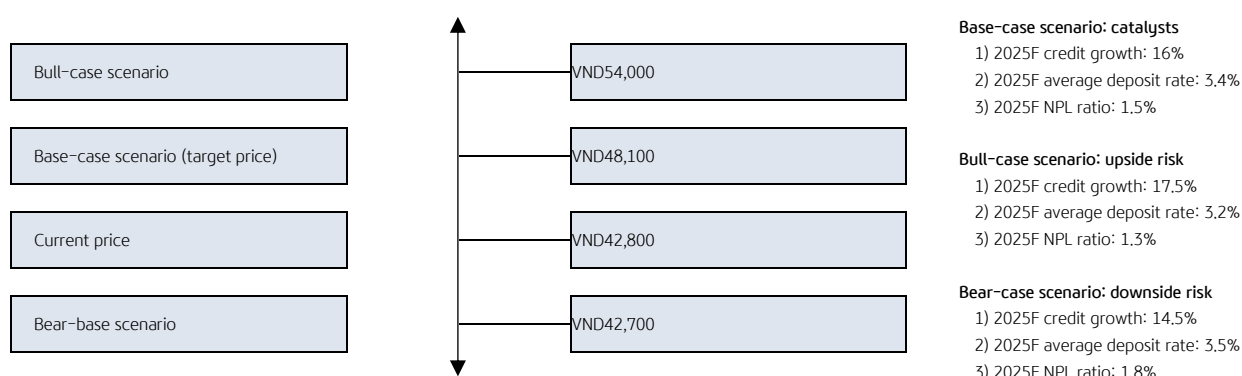
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Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	62,924	76,785	-2%	-3%	-	-	-	-
EBIT	56,001	68,610	-3%	-1%	-	-	-	-
NP after MI	25,950	28,022	-3%	-5%	27,275	32,002	-5%	-12%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



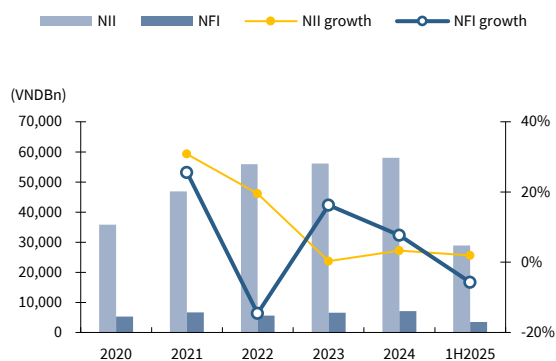
Business performance

Table 1. BID – 2Q2025 financial results

(VNDbn)	2Q2024	1Q2025	2Q2025	+/-%QoQ	+/-%YoY	Notes
Net interest income (NII)	14,838	13,946	14,992	7.5%	1.0%	NII expanded by only 1.0% YoY as NIM declined, with BID aggressively lowering lending rates to stimulate credit growth.
Net fee income (NFI)	1,939	1,539	1,887	22.6%	-2.7%	Bancassurance and payment services grew modestly by 4% YoY, while card services and trade finance weakened due to changes in the recognition of UPAS L/C (Usance Payable At Sight Letter of Credit) service fees.
Other non-interest income (NOII)	3,448	2,414	5,211	115.9%	51.1%	Growth was driven by net other income (+181.0% YoY) and securities investment (+78.0% YoY), while the FX segment fell 21.4% YoY.
Total operating income (TOI)	20,225	17,898	22,089	23.4%	9.2%	
Operating expenses	(6,708)	(5,907)	(7,366)	24.7%	9.8%	
Pre-provision operating profit (PPOP)	13,517	11,992	14,724	22.8%	8.9%	
Provision expenses	(5,358)	(4,578)	(6,098)	33.2%	13.8%	Provision expenses remained elevated amid rising NPLs, while the provisioning buffer weakened, with the LLCR down 7.76 pts QoQ to 89.1%.
Profit before tax (PBT)	8,159	7,413	8,626	16.4%	5.7%	
NPAT-MI	6,369	5,840	6,755	15.7%	6.1%	
Credit growth	4.9%	2.5%	6.1%	1 pts	1.1 pts	Credit growth lagged behind the industry average (+9.9% YTD). Growth momentum mainly came from the retail segment (+9.8% YTD), while SME and large corporate segments showed weaker performance, estimated at +3% YTD.
Deposit growth	8.8%	3.4%	8.3%	1.3 pts	-0.4 pts	Corporate deposits grew strongly in 2Q2025 (+15.1% QoQ), while retail deposits showed a slower pace (+0.8% QoQ).
NIM	2.50%	2.29%	2.16%	-12 bps	-33 bps	NIM extended its decline as lending rates were lowered to boost credit growth, while room for further deposit rate cuts has become limited.
Average earnings yield (IEA)	6.27%	5.49%	5.31%	-17 bps	-96 bps	
Average cost of fund (CoF)	4.00%	3.40%	3.32%	-7 bps	-68 bps	
CIR	33.2%	33.0%	33.3%	0.3 pts	0.1 pts	
NPL ratio	1.52%	1.89%	1.98%	8 bps	45 bps	The uptick in the NPL ratio was driven by a 13bps QoQ rise in doubtful loans (Group 4). However, special mention loans (Group 2) declined 31bps QoQ, indicating some improvement in asset quality and a potential easing of provisioning pressure in 2H2025.

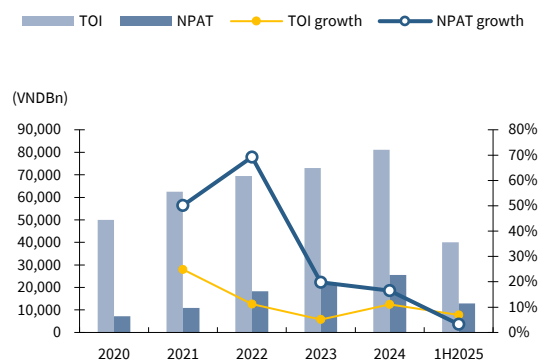
Source: Bank for Investment & Development, KB Securities Vietnam

Fig 2. BID – NII, NFI & growth (VNDbn, %YoY)



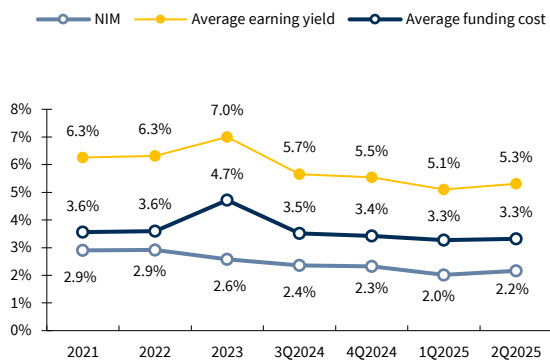
Source: Bank for Investment & Development, KB Securities Vietnam

Fig 3. BID – TOI, NPAT & growth (VNDbn, %YoY)



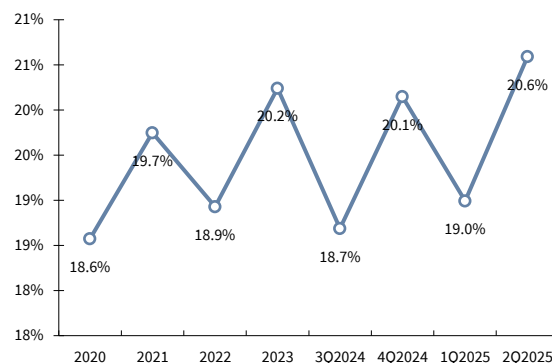
Source: Bank for Investment & Development, KB Securities Vietnam

Fig 4. BID – NIM, average IEA yield & CoF (%)



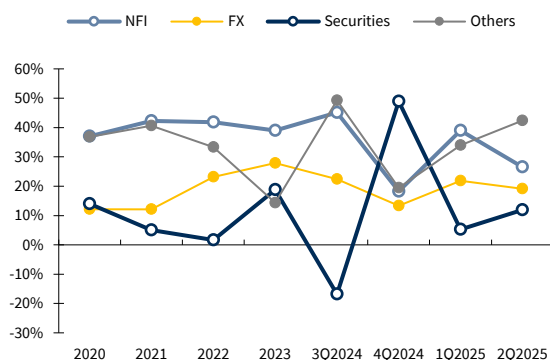
Source: Bank for Investment & Development, KB Securities Vietnam

Fig 5. BID – CASA ratio in 2020-2025 (%)



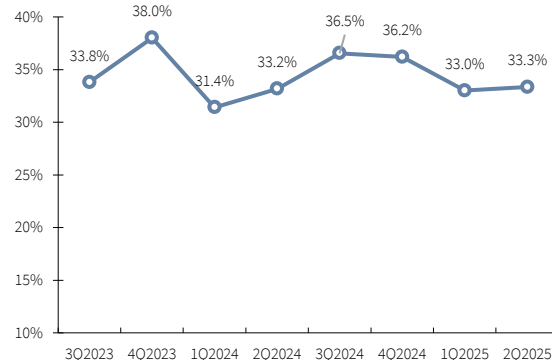
Source: Bank for Investment & Development, KB Securities Vietnam

Fig 6. BID – NOII breakdown in 2020-2025 (%)



Source: Bank for Investment & Development, KB Securities Vietnam

Fig 7. BID – CIR in 2023-2025 (%)



Source: Bank for Investment & Development, KB Securities Vietnam

Credit growth is projected at 16% for the whole year

Although BID's credit growth in 1H2025 was relatively modest, KBSV maintains our full-year projection of 16% YTD growth, supported by the following factors:

- 1) Solid credit demand, underpinned by the government's GDP growth target of over 8%, as evidenced by system-wide credit growth of 9.9% YTD in 1H2025 versus 6.0% in 1H2024;
- 2) Stronger corporate borrowing appetite, driven by Resolution 68-NQ/TW on private sector development and the resurgence of the real estate market, which are expected to be key growth catalysts in 2H2025;
- 3) (3) Competitive lending rates, with BID's average lending rate at 5.21% in 2Q2025 (the second-lowest in the sector), positioning the bank to capture credit demand.

NIM will remain under pressure in the second half of the year

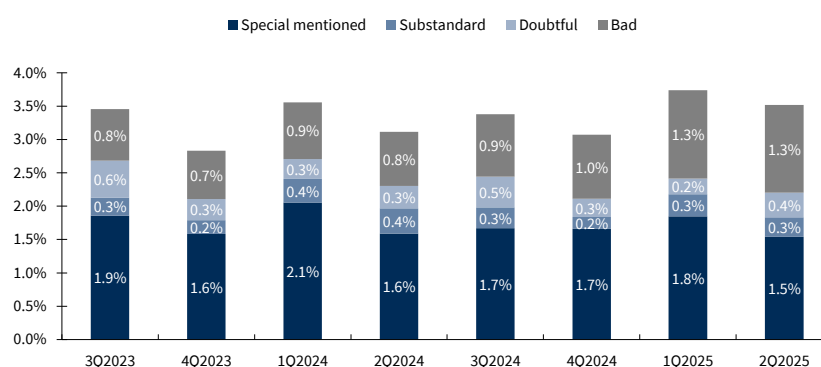
KBSV expects NIM to remain under pressure through end-2025 since:

- 1) Funding costs are expected to rise by at least 50bps in 2H2025, as banks move to stabilize the exchange rate and secure liquidity to meet aggressive credit growth targets;
- 2) (2) IEA yield, despite a slight uptick, remains relatively low in order to stimulate credit demand and support economic growth in line with SBV's policy stance. In particular, BID continues to pursue a low-lending-rate strategy to reinforce its competitive positioning.

The NPL ratio remains high, at 1.98% by end-June, adding to provisioning pressure in 2H2025

Asset quality weakened in 1H2025, with the NPL ratio rising 57bps YTD to 1.98%, while the LLCR dropped to 89.1%, well below the bank's full-year target of 140%. KBSV expects BID to intensify provisioning and NPL resolution efforts in 2H2025 to bring the NPL ratio closer to ~1.5%. However, achieving the LLCR target of 130-140% remains a challenging task.

Fig 8. BID – Credit portfolio composition by risk grade (%)



Source: Bank for Investment & Development, KB Securities Vietnam

Fig 9. Vietnam – Special mention loan & NPL ratios across banks (%)

	% NPL	QoQ	% Group 2	QoQ	Provision (Billion VND)	LLCR
VPB	3.97%	-0.77%	3.03%	-1.27%	-17,196	52.2%
VIB	3.56%	-0.24%	2.90%	-0.40%	-4,706	37.2%
OCB	3.47%	-0.45%	1.93%	-0.42%	-2,616	40.5%
MSB	2.70%	0.13%	1.17%	-0.08%	-3,016	55.6%
EIB	2.66%	0.08%	0.99%	0.13%	-2,005	41.2%
HDB	2.54%	0.17%	3.94%	-1.45%	-6,097	47.2%
STB	2.46%	-0.05%	0.73%	-0.06%	-10,918	75.4%
BID	1.98%	0.03%	1.54%	-0.81%	-38,436	89.1%
LPB	1.74%	0.01%	0.95%	-0.44%	-4,836	75.3%
MBB	1.60%	-0.23%	1.30%	-0.61%	-12,548	88.9%
CTG	1.31%	-0.25%	0.96%	-0.36%	-33,437	134.8%
TCB	1.26%	0.08%	0.60%	-0.19%	-9,511	106.5%
ACB	1.26%	-0.23%	0.47%	0.00%	-6,079	76.3%
VCB	1.00%	-0.02%	0.25%	-0.04%	-33,307	213.8%

Source: Company reports, KB Securities Vietnam

Forecast & Valuation

Table 10. BID – 2024A–2026F financial results

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Notes
NII	58,008	62,924	8.5%	76,785	22.0%	NII is revised down by 2.5% from the previous forecast, reflecting a lower NIM assumption, while the credit growth projection remains unchanged at 16%.
NFI	7,074	6,544	-7.5%	7,002	7.0%	
TOI	81,061	84,850	4.7%	103,328	21.8%	
Provision expenses	(21,109)	(22,925)	8.6%	(32,881)	43.4%	Provision expenses are kept at a high level, reflecting a cautious stance on asset quality in 2H2025 amid tariff-related issues.
NPAT	25,140	25,950	3.2%	28,022	8.0%	
NIM	2.32%	2.14%	-18bps	2.27%	12bps	NIM is revised down by 6bps from the prior forecast, due to potential increases in funding costs in the second half of the year.
Average IEA yield	5.54%	5.33%	-21bps	5.73%	40bps	
Average CoF	3.42%	3.38%	-4bps	3.67%	29bps	
CIR	34.5%	34.0%	-50bps	33.6%	-40bps	
NPL ratio	1.41%	1.50%	9bps	1.30%	-20bps	NPL ratio is raised by 1ppt versus the earlier projection, reflecting weaker-than-expected asset quality in 1H2025.
Total assets	2,760,792	3,208,943	16.2%	3,683,664	14.8%	
Equity	144,911	175,665	21.2%	203,687	16.0%	

Source: Bank for Investment & Development, KB Securities Vietnam

We downgrade BID to NEUTRAL with a target price of VND48,100/share

We apply a combination of the P/B multiple approach and the residual income model to determine the fair value of BID shares.

1. P/B valuation

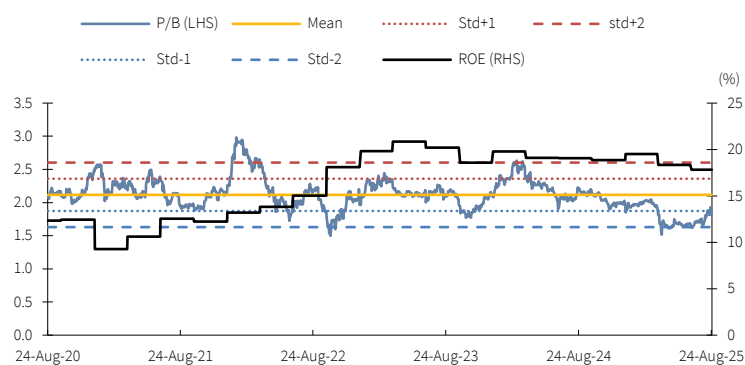
We raise our 2025 forward P/B to 2.4x, equivalent to +1 standard deviation above BID's 5-year average, supported by robust credit growth prospects, BID's leading market position, and the recent positive momentum in the banking sector amid a robust stock market.

2. Residual income valuation (Table 12)

In addition, we employ the residual income method to better capture systemic risks and long-term expectations.

By assigning equal weights (50/50) to the two methods, we arrive at a fair value of VND48,100/share for 2025, implying a 12.4% upside from the closing price on August 27, 2025.

Fig 11. BID – P/B, ROE in 2020–2025



Source: Bloomberg, KB Securities Vietnam

Table 12. BID – Residual income valuation

(VNDbn)	2025F	2026F	2027F
NPAT	26,461	28,583	36,722
Excessed return	7,550	5,659	10,141
Required rate of return (r)	13.05%		
Growth (g)	3.0%		
Terminal value	47,264		
End-2025 fair value	261,034		
Value per share	37,177		

Source: KB Securities Vietnam

Table 13. BID – Valuation results

Valuation method	Derived price	Weight	Weighted price
P/B	59,044	50%	29,522
Residual income	37,177	50%	18,589
Target price			48,100

Source: KB Securities Vietnam

BID – 2022A–2026F summarized financials & forecasts

Income Statement (VNDbn)						Balance Sheet (VNDbn)					
	2022	2023	2024	2025F	2026F		2022	2023	2024	2025F	2026F
Net interest income	56,070	56,136	58,008	62,924	76,785	Loans	1483,996	1,737,196	2,018,044	2,350,317	2,729,557
Interest income	121,111	152,761	138,288	156,513	193,899	Marketable securities	1,701	6,972	12,734	14,532	16,858
Interest expense	(65,041)	(96,626)	(80,281)	(93,589)	(117,114)	Cash (ex. Reserves)	13,745	11,029	10,773	12,294	14,262
Fees & commissions	5,648	6,570	7,074	6,544	7,002	Interest earning assets	2,092,669	2,271,476	2,720,288	3,153,901	3,619,638
Other non-interest income	4,210	2,068	4,987	6,268	9,320	Fixed assets & other assets	51,896	59,850	68,427	77,276	86,689
Total operating income	69,582	73,013	81,061	84,850	103,328	Total assets	2,120,609	2,300,869	2,760,792	3,208,943	3,683,664
SG&A expenses	(22,557)	(25,081)	(27,967)	(28,849)	(34,718)	Customer deposits	1,473,598	1,704,690	1,953,165	2,229,024	2,585,668
Pre-provisioning OP	47,025	47,932	53,094	56,001	68,610	Borrowings & call money/repos	170,289	202,023	210,882	248,331	268,833
Provision for credit losses	(24,015)	(20,344)	(21,109)	(22,925)	(32,881)	Interest bearing liabilities	1,973,861	2,124,440	2,565,390	2,974,532	3,411,851
Other income	6,526	6,543	9,192	10,446	15,533	Other liabilities	42,558	53,562	50,491	58,746	68,126
Other expense	(2,316)	(4,475)	(4,205)	(4,178)	(6,213)	Total liabilities	2,016,419	2,178,002	2,615,881	3,033,278	3,479,977
Pre-tax income	23,009	27,589	31,985	33,076	35,729	Charter capital	50,585	57,004	68,975	70,213	70,213
Income tax expense	(4,589)	(5,612)	(6,381)	(6,615)	(7,146)	Capital surplus	15,351	15,361	15,361	18,926	18,926
NP	18,420	21,977	25,604	26,461	28,583	Retained earnings	21,576	30,331	36,192	62,143	90,165
Minority interest profit	(262)	(472)	(464)	(510)	(561)	Capital adjustments	-	-	-	-	-
Parent NP	18,159	21,505	25,140	25,950	28,022	Total shareholders' equity	104,190	122,867	144,911	175,665	203,687

Financial Indicators (%)						Valuation (VND, X, %)					
	2022	2023	2024	2025F	2026F		2022	2023	2024	2025F	2026F
Profitability						Share Price Indicators					
ROE	19.3%	19.4%	19.1%	16.5%	15.1%	EPS	3,590	3,773	3,645	3,696	3,991
ROA	0.9%	10%	10%	0.9%	0.8%	BVPS	20,597	21,554	21,009	25,019	29,010
Pre-provision ROE	39.5%	33.7%	31.7%	28.0%	28.9%	Tangible BVPS	19,720	20,730	20,238	24,269	28,269
Pre-provision ROA	19%	17%	17%	15%	16%	Valuations					
Net interest margin (NIM)	2.9%	2.6%	2.3%	2.1%	2.3%	PER	119	113	117	116	10.7
Efficiency						PBR	2.1	2.0	2.0	17	15
Pure Loan to deposit ratio	103.3%	104.3%	105.3%	107.0%	107.0%	Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Cost-income ratio	32.4%	34.4%	34.5%	34.0%	33.6%	ROE	19.3%	19.4%	19.1%	16.5%	15.1%
Growth						Capital Adequacy					
Asset growth	20.4%	8.5%	20.0%	16.2%	14.8%	CAR	9.5%	9.9%	8.6%	>9%	>9%
Loan growth	12.0%	17.1%	16.2%	16.5%	16.1%	Asset Quality					
PPOP growth	9.3%	19%	10.8%	5.5%	22.5%	NPL ratio (substandard)	12%	13%	14%	15%	13%
Parent NP growth	72.3%	18.4%	16.9%	3.2%	8.0%	Coverage ratio (substandard)	216.8%	180.7%	133.7%	97.1%	103.2%
EPS growth	72.3%	5.1%	-3.4%	14%	8.0%	NPL ratio (precautionary)	2.8%	2.8%	3.1%	3.1%	3.0%
BVPS growth	20.7%	4.6%	-2.5%	19.1%	16.0%	Coverage ratio (precautionary)	88.4%	80.2%	61.4%	47.0%	44.7%

Source: Company report, KB Securities Vietnam

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Investment Ratings for Stocks

(Based on the expectation of price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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